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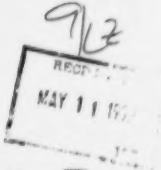

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended April 30, 1991 Commission File Number 0-4186

SEQUENTIAL INFORMATION SYSTEMS, INC.
(Exact name of registrant as specified in its charter)

New York	13-1948169
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
160 Broadway, New York, NY	10038
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (212) 587-9513

Former name, former address and former fiscal year,
if changed since last report.

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes _____ No X

Number of common shares outstanding as of May 6, 1992: 253,455,563

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SEQUENTIAL INFORMATION SYSTEMS, INC.

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Sequential Information Systems, Inc. and Subsidiaries
Consolidated Balance Sheets
(Unaudited)

	April 30, 1991	July 31, 1990
Assets		
Current Assets:		
Cash and Cash Equivalents	$ 142,699	$ 11,991
Receivables - Net of Allowances	595,565	92,295
Inventories - Net	2,219,614	-
Prepaid Expenses and Other Current Assets	68,251	49,744
Total Current Assets	3,026,129	154,030
Property, Plant and Equipment - Net	89,507	36,247
Other Assets:		
Deferred Charges and Other Assets	175,899	174,356
Accounts Receivable - Long Term	201,000	201,000
Notes Receivable	72,940	72,940
Investments - Common Stock	105,158	143,126
Net Assets Reacquired	-	2,324,885
Total Other Assets	554,997	2,916,307
Total Assets	$3,670,633	$3,106,584

See Notes to Consolidated Financial Statements.

Sequential Information Systems, Inc. and Subsidiaries
Consolidated Balance Sheets
(Unaudited)

	April 30, 1991	July 31, 1990
Liabilities		
Current Liabilities:		
Income Taxes Payable	$ 20,219	$ 17,219
Accounts Payable and Accrued Expenses	1,044,649	778,912
Loan Payable - Bank	250,000	-
Notes Payable	443,132	436,543
Security Deposits Payable	3,500	3,500
Current Portion of Obligations Under Capital Leases	10,955	-
Commissions Payable	49,147	-
Accrued Payroll Taxes and Related Expenses	442,722	328,032
Accrued Interest	178,591	129,712
Total Current Liabilities	2,442,915	1,693,918
Long - Term Liability:		
Obligations Under Capital Leases (Less Current Maturities Included Above)	15,066	-
Shareholders' Equity		
Preferred Stock	2,962	2,962
Common Stock	2,534,573	2,534,573
Additional Paid - In Capital	13,975,528	14,061,585
Retained Earnings (Deficit)	<15,300,411>	<15,186,454>
Total Shareholders' Equity	1,212,652	1,412,666
Total Liabilities and Shareholders' Equity	$3,670,633	$3,106,584

See Note to Consolidated Financial Statements.

Sequential Information Systems, Inc. and Subsidiaries
Consolidated Statements of Operations
(Unaudited)

	Three Months Ended April 30,		Nine Months Ended April 30,	
	1991	1990	1991	1990
Revenues				
Fees and Services	$ 306,997	$ 494,707	$1,267,348	$1,538,005
Product Sales	923,931	-	2,724,061	-
Total Revenues	1,230,928	494,707	3,991,409	1,538,005
Direct Costs				
Direct Costs-Fees and Services	280,004	306,284	972,939	1,010,743
Direct Costs-Product Sales	605,452	-	1,872,804	-
Total Direct Costs	885,456	306,284	2,845,743	1,010,743
Gross Profit	345,472	188,423	1,145,666	527,262
Selling, General and Administrative Expenses	347,842	191,447	1,113,911	577,347
Profit (Loss) from Operations	< 2,370>	< 3,024>	31,755	< 50,085>
Other Income (Expenses)				
Interest Expense	< 35,462>	< 23,539>	< 125,921>	< 60,384>
Other Income (Expense)	-	-	< 16,500>	-
Total Other Income (Expenses)-Net	< 35,462>	< 23,539>	< 142,421>	< 60,384>
Income (Loss) Before Provision for Income Taxes	< 37,832>	< 26,563>	< 110,666>	< 110,469>
Provision for Income Taxes	1,000	1,000	3,290	3,000
Net Income (Loss)	$< 38,832>	$< 27,563>	$< 113,956>	$< 113,469>
Income (Loss) per Common Share	$ -	$ -	$ -	$ -
Weighted Average Number of Common Shares	253,457,366	253,457,366	253,457,366	253,457,366

See Notes Consolidated Financial Statements.

Sequential Information Systems, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(Unaudited)

	Three Months Ended April 30, 1991	1990
Cash Flows from Operating Activities		
Net (Loss)	$<113,956>	$<113,469>
Adjustments to Reconcile Net (Loss) to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	53,765	23,334
Write-off of Customer Lists	16,500	-
Change in Assets and Liabilities:		
(Increase) in Receivables	< 71,193>	< 207,286>
Decrease in Accounts Receivable-Purchased	-	1,012
Decrease (Increase) in Prepaid Expenses	15,719	< 90,747>
Decrease (Increase) in Common Stock Investments	37,968	< 6,677>
Increase in Income Taxes Payable	3,000	3,000
Increase in Accounts Payable and Accrued Expenses	49,586	297,424
Increase in Notes Payable	2,362	37,478
Increase in Accrued Payroll Taxes and Related Expenses	114,690	-
Increase in Accrued Interest	48,879	-
(Decrease) in Security Deposits Payable	-	< 2,500>
Total Adjustments	271,276	55,038
Net Cash-Operating Activities	157,320	< 58,431>
Cash Flows from Investing Activities		
(Increase) Decrease in Deferred Charges and Other Assets	< 723>	11,860
Company Acquired Net of Cash	< 25,889>	-
Payments Received on Notes Receivable	-	52,828
Net Cash-Investing Activities	< 26,612>	64,688
Net Increase in Cash	130,708	6,257
Cash-Beginning of Period	11,991	36,243
Cash-End of Period	$ 142,699	$ 42,500

See Notes Consolidated Financial Statements.

SEQUENTIAL INFORMATION SYSTEMS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

1. In the opinion of the Company, the accompanying unaudited financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position of the company as of April 30, 1991 and July 31, 1990 and the results of its operations for the three and nine months ended April 30, 1991 and 1990 and changes in cash flows for the nine months then ended.

The accounting policies followed by the Company are set forth in Note 1 to the Company's financial statements in the July 31, 1990 Sequential Information Systems, Inc. Annual Report which is incorporated by reference on Form 10-K.

2. The results of operations for the nine months ended April 30, 1991 and 1990 are not necessarily indicative of the results to be expected for the full year.

3. Earnings per common share is computed by dividing the net income for the period by the weighted average number of common shares outstanding. Stock options and warrants have not been included in the computation of earnings per common share, as the result would be immaterial.

4. The results of operations for the three and nine months ended April 30, 1990 and changes in cash flows for the nine months then ended have been corrected for a change in accounting for Minority Interest.

5. In August, 1990 Sequential Electronic Systems, Inc.(SES) was reacquired by the Company and accounted for as a purchase. The results of operations of SES is included in the accompanying unaudited financial statements for the three and nine months ended April 30, 1990.

The following summarized pro-forma (unaudited) information assumes the acquisition had occurred on August 1, 1989:

	Three Months Ended April 30, 1990	Nine Months Ended April 30, 1990
Revenues		
Fees and Services	$ 494,707	$1,538,005
Product Sales	663,532	1,848,665
Total Revenues	$1,158,239	$3,386,670
Net (Loss)	$< 2,636>	$< 158,301>
(Loss) Per Share	$ -	$ -

MANAGEMENT'S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Financial Condition

Cash flow increased approximately $131,000 from $12,000 at August 1, 1990 to $143,000 at April 30, 1991. The increase was attributable to an excess of cash flows provided by operating activities which exceeded cash used in investing activities.

Results of Operations
Nine Months Fiscal 1991 Compared to Nine Months Fiscal 1990

Revenues increased approximately by $2,553,000 compared to the previous fiscal period as a direct result of the consolidation of Sequential Electronic Systems, Inc.(SES). Product sales of SES totalled $2,724,000 offsetting a decrease in consulting fees and service revenues of $271,000 or 18%. Direct costs increased by approximately $1,835,000 as a direct result of the consolidation of SES in the current period.

Interest expense increased approximately $66,000 or 109% as a result of an increase in debt from the prior period.

Third Quarter Fiscal 1991 Compared to Third Quarter Fiscal 1990

Revenues increased approximately $736,000 from the 1990 fiscal quarter. Product sales of SES, a reacquired subsidiary, totalling $924,000 more than offset a decrease in consulting fees and service revenues of $188,000 or 38%. Direct costs increased approximately $579,000 as a direct result of the consolidation of SES.

Interest expense increased approximately $12,000 or 51% from the previous fiscal quarter as a result of an increase in debt from the prior period.

PART II. OTHER INFORMATION

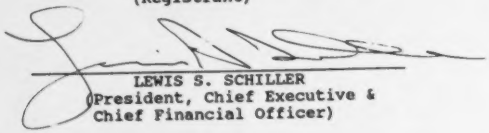
ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(b) REPORTS ON FORM 8-K - There were no reports on Form 8-K filed for the three months ended April 30, 1991.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SEQUENTIAL INFORMATION SYSTEMS, INC.
(Registrant)



LEWIS S. SCHILLER
(President, Chief Executive & Chief Financial Officer)

5/8/91
(Date)